



## **COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT**

### **APPROVED SUMMARIZED MINUTES**

Thursday, October 9, 2014

3:00 p.m.

City Hall, Kiva Conference Room  
3939 N. Drinkwater Blvd, Scottsdale, AZ 85251

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<b>PRESENT:</b>	Mayor W.J. "Jim" Lane Councilwoman Linda Milhaven Councilman Dennis Robbins
<b>STAFF:</b>	Danielle Casey, Economic Development Director Rob Millar, Economic Development Manager – Business Attraction Michael Beck, Adult Services Librarian Kathy Coster, Interim Library Director William Hylen, Assistant City Attorney Rachel Smetana, Management Assistant to the Mayor
<b>GUESTS:</b>	Gary Drummond, Legal Counsel – Industrial Development Authority Marc Grayson, President – Industrial Development Authority Angela Talbot, Vice President of Business Development – Greater Phoenix Economic Council

#### **Call to Order/Roll Call**

Mayor Lane called the regular meeting of the Council Subcommittee on Economic Development to order at 3:05 p.m. A formal roll call confirmed members present as stated above, noting the presence of a quorum.

#### **1. Approval of September 11, 2014 Minutes**

**COUNCILMAN ROBBINS MOVED TO APPROVE THE MINUTES OF THE SEPTEMBER 11, 2014 MEETING OF THE COUNCIL SUBCOMMITTEE ON ECONOMIC DEVELOPMENT AS PRESENTED. COUNCILWOMAN MILHAVEN SECONDED. THE MOTION CARRIED UNANIMOUSLY BY A VOTE OF THREE (3) TO ZERO (0).**

#### **2. Greater Phoenix Economic Council (GPEC) Annual Update**

Angela Talbot, Vice President of Business Development for GPEC, said the organization encompasses 22 member communities in Maricopa County, and about 170 private sector investors. The organization works primarily with site selection consultants, corporate real estate executives, and end users to bring companies into the metro Phoenix area. The emphasis is on the manufacturing, distribution and office sectors.

Ms. Talbot said GPEC met and exceeded all threshold goals last year, but missed the stretch goals. Successful recruitments attracted about \$226 million in new development to the region along with 5,000 jobs, 2,000 of which were high wage jobs. The goals for the new year have been increased, and the expectations are that this is will be a strong period. One company that is targeting Scottsdale could bring in about 1,000 jobs, with an average salary of \$90,000, and \$100 million capital investment.

Ms. Talbot said there are many ways to become involved with GPEC through both the private and public sector. The greater Phoenix region has a good reputation for how well the various communities work together towards a common goal. GPEC has different councils that focus on varied specializations. The Mayors Council updates city leaders on regional developments, and the dialogue helps staff understand the issues that are most important to the region. The Economic Development Directors Team includes representation from all member communities and meets once a month. Danielle Casey is the Vice Chair of the group and will be Chair next year. The Healthcare Leadership Council works with local experts in the healthcare field. The Community Building Consortium is made up of developers, contractors, engineers, and architects who focus on addressing the challenges their industry faces in recruiting companies. Informational sessions are held for members approximately once a month. GPEC also conducts an annual executive mission to Washington D.C.

Ms. Talbot reviewed the current GPEC prospects sheet, which has a total of 57 companies. There is much activity in the standard manufacturing, renewable energy, and advanced business services sectors. Many companies from California are being targeted, while the rest of the activity comes from a wide variety of states. Office users require a wide variety of square footage sizes. Companies that run call centers need a large amount of buildable land, while smaller software companies typically look for spaces under 50,000 square feet. Industrial companies generally look for spaces in excess of 100,000 to 200,000 square feet, though smaller companies might find that the Airpark addresses their needs. About 57% of activity in past few months has been in the industrial sector.

Ms. Talbot reviewed some of GPEC's new initiatives. The goal of the Community Partnership Program is to better understand each community's unique assets to better position them in ways that would be most attractive to companies. GPEC is investing in new research tools to better identify submarket attributes and city attributes. More emphasis is being placed on direct investment from international companies. Another new initiative is to build stronger relationships with the headquarters of various large corporations around the country to ensure that Arizona is part of the conversation whenever they are looking to locate or relocate any of their business units.

Mayor Lane said the action plan on competitiveness is one of the most significant new initiatives, though many unanswered questions remain. Ms. Talbot said Marjorie Brown recently joined GPEC in order to run the program. She is working to identify the most promising revenue streams, and the strategies that have the best chance for success.

Mayor Lane asked why only two prospects come from New York. Ms. Talbot agreed that there has been little activity out of New York in the past three months, but that over the course of a year the figure would be much higher. She noted that GPEC constantly has to fight the erroneous perception that Arizona does not offer a high level employment base for corporate headquarters.

### **3. Industrial Development Authority (IDA) of the City of Scottsdale Update**

Mark Grayson, President of the IDA, provided a summary of IDA activities over the past year. The Authority issues bonds in order to raise funds to provide grants to local initiatives and projects. Grant funding has been used to support training and employee development for relocating companies. Specific metrics must be achieved before the funds are issued. The Cure Corridor offers world class medical care and research facilities, and the IDA sees many opportunities for development there. New criteria and guidelines have been developed to better

identify the funding applications that will best deliver on the Authority's goals. The entire process has been structured to make decisions less arbitrary.

Mr. Grayson said the Scottsdale IDA will host the upcoming Council of Development Finance Agency's (CDFA) National Development Finance Summit at the Scottsdale Conference Center. This exposure should increase the Authority's ability to issue bonds, which will in turn generate more fees. The CDFA also will provide an opportunity to show off the city. The first day of the summit will feature an Arizona Round Table to focus on state-specific economic development issues. The remaining three days will be more national in scope. Ms. Casey noted that conference attendees will be able to engage in golf outings, as well as tours of SkySong and the new Cubs Park.

Mayor Lane inquired about possible legislation that would eliminate tax exemptions for municipal bonds. Bond Council Gary Drummond said the CDFA has led the effort to maintain that tax exemption, and they have assembled impressive figures to show the extent to which those types of bonds have been used to build much of the infrastructure in the U.S. Without that private investment mechanism, it will be much harder for municipalities to renew aging infrastructure. Mayor Lane said the loss of the tax exemptions would increase costs. Bonds are a valuable tool for cities to use on qualifying projects.

#### **4. Economic Development Department Report**

Danielle Casey, Economic Development Director, reported that staff is in the process of producing the Economic Development Strategic Plan for City Council to review later this year. The Mayor and Council Breakfast is scheduled for October 23. So far, staff has received 199 reservations. The second annual Cure Corridor luncheon will be held on December 5 and will feature Elizabeth Holmes of Theranos.

Mr. Casey reported receiving 35 unique new business leads since the July 1 start of the fiscal year. Fifteen are still active. Thirty-three employer business retention visits have been conducted in the last three months. Approximately 13 active, mature projects are in the pipeline. The second quarter looks to be very promising. The Chicago GPEC visit yielded strong results, and further efforts are planned for Vancouver, Canada, and San Francisco.

Michael Beck, Scottsdale Library, said the Eureka Loft project continues to exceed expectations after passing its one year anniversary. Several LLCs are being formed and visitation is steadily increasing. Program offerings have expanded. The Mesa Coding Club is offering free public programming for teens who need tech programs but are not pursuing that career track. Eureka Loft was awarded another Library Services and Technology Act grant for \$44,000, which will be used to hire a 25-hour part-time temporary staff person to handle adult level programs on Photoshop, audio/video production, and web design. Eureka Loft is one of eight finalists for the Alliance for Innovation, a national award that recognizes important transformations in local government. Eureka Loft has also garnered the attention of universities and entrepreneurial groups from around the world who are interested in learning more about this unique way to reach citizens.

Mr. Beck said having Economic Development located next door leads to instant referrals. Staff conducts regular surveys to ensure that Eureka Loft's offerings remain relevant and useful. The Library has added a web portal called Universal Class that offers over 400 free workshops. SCORE mentors are fully booked. Scottsdale is presenting information on entrepreneurship and libraries at the AZLA conference again this year, and another presentation at the national conference is a possibility for 2016.

Ms. Casey said Eureka Loft is looking into sponsorship opportunities to support enhanced program offerings and improvements to the physical space. Kathy Coster explained that the media instructor will help entrepreneurs put together media kits that can be used to secure investment funding. Mayor Lane inquired about the relationship between Eureka Loft and the Alexandria Project. Ms. Casey said that as the idea continues to grow, Alexandria Project is trying to develop a consolidated service model that they can offer to all libraries in their network. Scottsdale is different than most other libraries because of the space made available to the program. Mr. Beck added that Alexandria Project's signature offering to Eureka Loft is their rapid start up school, which is held Fridays at 11:00 a.m.

**5. Open Call to the Public (A.R.S. §38-431.02)**

None.

**6. Future Agenda Items**

None.

**Adjournment**

With no further business before the Subcommittee, the meeting adjourned at 4:30 p.m.

Respectfully submitted,  
A/V Tronics, Inc. DBA AVTranz.